



# Committee On Finance

Max Baucus, Ranking Member

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## *Baucus Objects to Erosion of Taxpayer Privacy*

(WASHINGTON, D.C.) Today, U.S. Senator Max Baucus (D-Mont), Ranking Member of the Senate Finance Committee, issued the following statement:

### **STATEMENT OF SENATOR MAX BAUCUS REGARDING UNLIMITED ACCESS TO TAX RETURNS BY MEMBERS OF CONGRESS November 20, 2004**

Mr. President, it is time for a change. It is time that Congress stop resorting to an omnibus appropriations process to fund government. Congress has one constitutional responsibility: to appropriate funds for the operation of our government. We are not fulfilling our duty in a responsible manner.

We are presented with a piece of legislation that is actually nine pieces of legislation rolled into one. We have never seen it before. We have only a few hours to comb through thousands of pages of statutory language to find out what is in the bill. If we find something objectionable – something that is not an appropriations matter – we have no ability to change the bill.

Specifically, section 222 of the Treasury Department portion of this omnibus appropriations bill includes a provision that gives the House and Senate Chairmen of the Appropriations Committees, and their staff members, unrestricted access to Federal tax returns. They provided themselves with a specific exception section 6103 of the Internal Revenue Code.

IRC Section 6103 embodies the policy that returns are confidential, and provides that returns and return information may not be disclosed by the IRS, other Federal employees, State employees, and certain others having access to the information except as provided in section 6103. Section 6103 authorizes civil and criminal penalties for unauthorized disclosure of tax return data: specifically, up to \$5,000 in civil penalties and five years in jail.

IRC Section 6103 was enacted in response to the Nixon Watergate scandal and Nixon's attempts to use the IRS to go after those on his enemies list.

While there are exceptions to Section 6103, there are also many safeguards to protect taxpayer privacy. For example, as ranking member of the Finance Committee, I can obtain access to tax return information, but I have to obtain such authorization from the Chairman of the Finance Committee, Chairman Grassley. Furthermore, once I have tax return information, if I publicly disclose such information to someone who does not have similar authority, then I am subject to civil and criminal penalties. These are powerful and appropriate penalties that ensure the confidentiality of sensitive taxpayer information.

Now, under current law, the Chairmen of the Appropriations Committees – in fact, any Member of Congress – can do what I have to do. They can go to the Chairman of the Finance Committee or the Chairman of the House Ways and Means Committee and ask for authorization to obtain certain tax return information. If granted, they are also subject to civil and criminal penalties.

Why am I making such a big deal about this? Why is taxpayer privacy so important? Nobody wants their neighbor to know how much money they make. But that just scratches the surface of what can be found in a tax return. Tax forms can include personal information about mental disability, adoption, gambling losses, unemployment benefits and medical expenses. A tax return can reveal organizations to which you contribute money or property, or whether you gave to charity at all.

Our tax system depends on citizens being candid about personal and financially sensitive information. In return, the government has a clear obligation to respect and protect the personal and private nature of that information. If taxpayers are given reason to doubt that the government will respect their privacy, the integrity and efficacy of our voluntary tax system will eventually crumble.

This provision was slipped into the omnibus without consulting the tax writing committees. Such an eleventh-hour grab for access to tax returns is a dangerous precedent that seriously threatens our voluntary tax system. The cavalier manner in which this provision was drafted, without consulting with the tax-writing committees, is not the way to make law. And, clearly, they got it wrong.

Simply put, this is an outrage! I demand that this be fixed – and fixed now.